

Homework 1. Due Wednesday August 28.

1. Using the Matlab program `Main_HW1.mlx` program posted, simulate and estimate a probit model (you need to write and insert the likelihood function).
2. Use the program from question 1. and still simulate the same model using normal draws, but now estimate the parameters using a logit model.
3. Make some other changes to the data (use your imagination) and see how the probit estimator behaves. (You can do this in groups.)